

Financial Analysis of Hawai'i Public Schools

Executive Summary

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Summary:

Hawai'i is among the top third of the states in spending per student. However, a disproportionate share of the resources are used on non-classroom teaching. The result is that a relatively small group of teachers bear primary responsibility for classroom instruction.

1. Total spending per student is \$10,422 per year.

Including operating spending plus debt service and capital spending, the state spent an average of \$10,422 per student in 2002-2003 (\$1.9 billion for 182,798 students). Our study identified \$415 million that is spent by other state agencies such as Department of Accounting and General Services, Department of Human Services, the Attorney General, and others – and that has not previously been counted in education spending. This spending by other State agencies is solely on DOE business. The research team that compiled these statistics included staff from those state departments. They expressed surprise at the large amounts of DOE spending that they uncovered in many state departments. If Hawai'i had local school districts as do the other forty-nine states, there would be constant pressure to reveal these figures as each of the local districts vies for its share of state funds. As things now stand, there is no effective accountability for spending on education.

2. Hawai'i ranks 14th among the fifty states in *operating* spending per year, at \$8,361 per student for the 2001-2002 school year.

The figures for Hawai'i public schools are those submitted by the DOE to the National Center for Education Statistics, which is the source of the rankings. By comparison, private schools in Hawaii on average spend an estimated \$5,500 per student, which includes an average of \$4,675 in tuition plus an estimated \$825 in donations.

3. Only 49 cents of every education dollar in Hawai'i reached the classroom in 2002-2003.

The rest of the money is spent on non-teaching staff who are located in schools, plus additional administrative and centrally directed staffs at the area and central office DOE levels. If Hawai'i were to reach classroom spending of 65 cents out of each education dollar, it would mean an additional \$46,250 to spend on each classroom per year. This diversion of money to non-core uses is typical only of very large school districts.

- 4. The DOE employee 23,790 people, of whom 6,362 are regular classroom teachers. The DOE employs an additional estimated 10,000 casual hires for a total estimated employee count of 33,790.**

According to figures provided by the DOE, there are 12,982 employees who hold a teaching certificate. Of these, 1,890 teach the 20,592 special education students of the district. Another 6,362 are "regular education" classroom teachers who have responsibility for the remaining 162,206 students, with an average class size of 25.5 students, according to our analysis of figures provided by the DOE. The remaining teachers are assigned to support or supplemental positions, such as librarians and counselors.

- 5. Since the 1973-74 school year, the number of certificated teachers has grown by 19%, while the number of non-certificated staff has grown by 237%, from 2,961 to 9,954 employees. During this period, total public school enrollment fluctuated from year to year but is now approximately the same level that it was at thirty years ago.**

In addition, the number of principals and vice-principals has grown over the period by 51%, and the number of certificated support staff in schools has grown by 100%. Enrollment was 182,463 during the 1970-71 school year, 178,000 in 1973-74, and was 182,798 during the 2002-2003 school year (Page A-2 of CORE Report to the Governor, November 1974). Thus, while enrollment remained flat, total DOE employment rose by 96%, from 12,125 to 23,790.

- 6. Weighted Student Formula (WSF) will not work if implemented by the DOE.**

The results of our study bear on the consideration by the state of moving to a new system of management, Weighted Student Formula (WSF). We note that while WSF is desirable for its ability to achieve equitable student funding and to empower principals and teachers, it is no cure for the financial mismanagement of education in Hawai'i. The problem of the DOE with respect to financial management lies in the fact that the DOE itself is too large to be manageable. Perhaps of greater importance, we cannot see how WSF could be successfully implemented by the present DOE central office staff organization. The DOE staff presented us with significantly different cost figures every few days during our inquiry. If they did this within the framework of WSF, the result would be chaos in the schools. The implementation of WSF requires a small, manageable central

office financial staff that delegates financial decisions to local districts and, through them, to individual schools. Above all, WSF requires that each principal receive reliable and stable financial forecasts and budget figures. The present DOE is too large and too centralized to be able to succeed at the implementation of WSF, in our opinion.